

INTERNATIONAL BANKING SOCIETY





## COVER STORY

# EARLY RAIL ROAD LOCOMOTIVES IN THE UNITED STATES

By William E. Benson

If your IBNS Journal is late this issue, it is my fault. The press of my practice and difficulty in finding an interesting theme for this cover made it very late. If any member has ideas about covers, I would be glad to research them for future issues.

Each of the vignettes on this cover features an early railroad train. It's interesting to examine them with a magnifying glass. The earliest ones were no more than horse-drawn carriages with the horses replaced by the Iron Horse. The fifty dollar Mississippi and Alabama Rail Road Company note dated January 1, 1838 shows the simplest of trains, with one double deck carriage carrying passengers on the roof.

The development of the iron horse began in 1769 when Nicholas Cugnot built a steam carriage which he operated on the streets of Paris. Some 35 years later the first American steam-propelled vehicle appeared—the Oructor Amphibolis—a crude combination carriage and boat built by Olivar Evans in Philadelphia in 1804. However, the first locomotive to run on rails was the creation of Richard Trevithick, a Cornishman, in 1803. It hauled a load of 18,000 pounds.

It was in 1830, after twenty years of frustration, that Colonel John Stevens of Hoboken, New Jersey finally obtained a state charter for Camden & Amboy Railroad and Transportation Company. In the next few years, railroads and the sophistication of the locomotives grew rapidly.

At first a coachman rode in his seat on top of each passenger car. Note this on the three dollar Bank of Chip-

*(continued on inside back cover)*

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# Editorial

Important changes have taken place amongst our Society Officers during 1973 (see Tributes, page 350) and the departure of the Editor, Yasha Beresiner may account for minor changes in the style and presentation of this particular issue of your Journal. The new Editor, Ewald Junge of London, assumes full responsibility for future issues as from March 1974. While his interests include antiques in the widest sense, he is also well-known in the numismatic and paper money fields in Britain and especially in France and Germany. Fuller details will appear in the next issue.

The I.B.N.S. Journal is now well-known for the high standard of its articles on paper money collecting. While this will be maintained, it is intended to alter its emphasis slightly and to give more space to matters of immediate personal interest to I.B.N.S. members. The section on "Meet your Fellow Members" goes a long way towards this objective but in future, fuller regular reports of group meetings, exhibitions, talks by members, etc., will be included so that they can see for themselves where the action, if any, is taking place in I.B.N.S. affairs.

The first article in this issue by Richard Banyai focuses attention on John Law in relation to political economy. A more down-to-earth subject is discussed by King-On Mao in Part One of his article on the trials and tribulations of the Sinkiang Provincial Bank. One cannot help wondering how this Bank would have fared, had it been able to obtain the benefit of John Law's advice in its more difficult moments. These articles are followed by various I.B.N.S. Society items.

In the second half of the Journal, some short articles on diverse topics present somewhat wider but no less informative and interesting aspects of the common theme. The educational section ends with reviews by William (Bill) McDonald and Colin Narbeth.

The Acting Editor is very grateful to John Glynn and Colin Narbeth for checking the proofs of the Journal, but he is entirely responsible for its lay-out and arrangement.

# *From the President . . .*

In this, the beginning of the second year of my presidency, there is still time to ask whether the I.B.N.S. is any farther forward or indeed farther back, than at this time last year. There may be even time to do something about it, if we do not like the answer.

Membership of the I.B.N.S. has not expanded at the rate expected a year ago—in fact, it is at present stationary at about 1150 members. However, this lag in growth is almost certainly a temporary one. Since 1972 three new I.B.N.S. groups have been started in the U.S.A. and a new British group has just held its first meeting in the North of England. Once these new groups have consolidated themselves, I am sure that they will attract new members. I do hope that secretaries of all I.B.N.S. groups, old and new, will now send regular reports of their meetings, etc., to the Editor, commencing in time for the next issue.

My personal ambition is to see an I.B.N.S. branch on the European continent. Although many collectors of paper money are known to exist and



*Dr. D. C. O. James,  
President IBNS*

even thrive there, very few have succumbed to I.B.N.S. publicity. We must try harder.

One lesson impressed on me since becoming your President has been that great distances impose great problems of communication, often leading to frustration and even despair in Society officers and members alike. Thus, for example, blood pressures rise by several points whenever the date of receipt of the Journal is discussed. Rest assured that your Board representatives (especially in the U.S.A.) are striving hard to find ways of reducing the time interval between dispatch and receipt of the Journal. However, it



*From the President* (continued)

does appear that it is the internal mail services and not the Atlantic which are the main problem in this case.

I had the great pleasure of visiting the impressive A.N.A. Conference in Boston in August 1973 and of attending the I.B.N.S. Board and Annual General Meeting. Here I met most of the members of your Board, mostly for the first time, as well as many others of you who attended. I left the U.S.A. convinced that the Society is in excellent hands and that, if the enthusiasm which I encountered is maintained, the I.B.N.S. cannot fail to thrive in the years to come. I am looking forward to the next A.N.A. meeting at Miami, 1974.

I cannot conclude without

reminding you all of the most important I.B.N.S. event of 1973, namely, the publication of Volume One of the Keller Catalogue "Paper Money of the 20th Century". Mrs. Ruth Hill and her colleagues on the Publications Committee are to be congratulated on this production — the present demand for it assures its future success.

Only some of you will receive this Journal before Christmas 1973—to them I send my very best wishes for a happy Christmas. Also to them and those members who will receive their copies (hopefully) early in the New Year—I send my best wishes and the hope that, wherever you are, you will have a more peaceful year in 1974.

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## **A Reminder from the New Editor**

I am keenly looking forward to receiving **your** article for publication in our journal. If you have never written before, let me and the IBNS have the honour to be the first to publish your article.

Please forward your material with glossy photographs (if possible and applicable) at least six weeks before publication. Articles must reach me by:—

*January 15th for First Quarter issue.*

*April 15th for Second Quarter issue.*

*July 15th for Third Quarter issue.*

*October 10th for Last Quarter issue.*

They should be addressed to:

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London SW.1 P2 HZ

# JOHN LAW

## 18th Century Financier

By Richard Banyai

John Law (1671–1729) was born in Edinburgh, Scotland. He studied mathematics, commerce and political economy in London, and gained valuable knowledge of banking operations in Amsterdam, Holland. In 1705, Law submitted a scheme for a national bank to the Scottish Parliament. The scheme was rejected. He subsequently submitted the same scheme to a number of European governments but it met with the same fate, rejection. His most notable accomplishment was the Mississippi Scheme or Mississippi Bubble which was a great speculative venture. This scheme was put forth in Paris in 1716 and collapsed in 1720. It was a financial orgy which ended in financial ruin for many investors.

The most significant writing of John Law was his small 120-page book titled, *MONEY AND TRADE CONSIDERED WITH A PROPOSAL FOR SUPPLYING THE NATION WITH MONEY*. This most significant work was published in 1705 by "the Heirs and Successors of Andrew Anderson, Printer to the Queen's most Excellent Majesty, Anno DOM. 1705" in Edinburgh, Scotland. It is one of the earlier important writings on money and banking.

This paper will be divided into two parts. Part I will contain select excerpts from *MONEY AND TRADE CONSIDERED*, and Part II will analyse briefly John Law's *System* as it operated in France under the title "Mississippi Scheme".

One of the important works on money and banking in the history of monetary thought is John Law's book *MONEY AND TRADE CONSIDERED* which appeared in print in Edinburgh, Scotland, in 1705. Below are select excerpts from this classic writing which should prove to be of interest to both the numismatist and the scholar of money and banking.

Law opens his work with the sentence,

"There are several proposals offer'd to Remedy the Difficulties the Nation is under from the great Scarcity of Money."

At the time, Scotland was experiencing monetary difficulties and Law had directed the essence of the book to the Scottish Parliament.

(p. 13) "Domestic trade depends on the Money. A greater Quantity employs more People than a lesser Quantity. A limited sum can only set a number of people to work proportioned to it, and



tis with little success laws are made, for employing the poor or idle in countries where money is scarce; . . ."

"An addition to the money adds to the value of the country. . . ."

(p. 14-15) ". . . foreign trade, which is the export and import of goods, depends on the money. If one half of the people are employed, and the whole product and manufacture consumed; more



*John Law, founder of the Mississippi Company, whose brilliant but over ambitious financial schemes brought France to ruin.*

money, by employing more people, will make (a surplus) to export . . . So if the money (is less), a part of the people then employed are set idle, or employed to less advantage. . . ."

(p. 36-43) "The use of banks has been the best method yet practised for the increase of money. Banks have been long used in Italy, but as I'm informed the invention of them was owing to (Sweden). Their money was copper, which was inconvenient, by reason of its weight and bulk; To remedy this inconveniency a Bank was set up where the money might be pledged, and credit given, to the value, which past in payments, and facilitated trade.

"The Dutch for the same reason set up the Bank of Amsterdam. Their money was silver, but their trade was so great as to find payments even in silver inconvenient. . . ."

"Banks where the money is pledged equal to the credit given, are sure; For, though demands are made of the whole, the bank does not fail in payment.

"By the constitution of this bank, the whole sum for which credit is given, ought to remain there, to be ready at demand; Yet a sum is lent by the Managers for (commerce), and tis thought they lend great sums on other occasions. So far as they lend they add to the money, which brings a profit to the country, by employing more people, and extending trade; They add to the money to be lent, whereby it is easier borrowed . . . and the bank has a benefit. . . ."

In Chapter IV of Law's book the means of increasing the amount of money in circulation is examined (p. 43-59).

"When I use the words, Raising the Money, I desire to be understood raising it in the Denomination; For I do not suppose it adds to the value."

"If raising or allaying the money could add to its value, or have any good effect on home or foreign trade; then no nation would (lack) money. A 100 (£) might be raised or allayed to 2, to 10, to a 100 times the denomination it had, or more as there were occassion. But as tis unjust to raise, or allay (alloy or debase) money, because, then all contracts are payed with a lesser value than was contracted for; and as it has bad effects on home or foreign trade, so no nation practices it, that has regard to justice, or understands the nature of trade and money. . . ."

"When 6 pence is raised to 12 pence, the 6 pence is worth 12 pence; but the value of the pence is lower'd to Half-pence."



Law continues to give examples of currency devaluation and the stimulation it has on exports from the devaluing nation. He continually dwells on the factor of increasing the national supply of money so as to facilitate commerce.

(p. 57-58) "Considering how small a share we have of the money of Europe, and how much trade depends on money; It will not be found very practicable to better our condition, but by an addition to our money. . . ."

The final chapters of the book, Chapters V through VIII, put forth Law's proposals for supplying the nation with money and its augmentation.

(p. 59-60) "National power and wealth consists in numbers of people, and magazines of home and foreign goods. These depend on trade, and trade depends on money. So to be powerful and wealthy in proportion to other nations, we should have money in proportion with them, for the best laws without money cannot employ the people, improve the product, or advance manufacture and trade."

"It remains to be considered, whether any other goods than silver, can be made money with the same safety and convenience."

". . . There was nothing of humour or fancy in making silver to be money; it was made money, because it was thought best qualified for that use."

(p. 60-61) ". . . another money may be established, with all the qualities necessary in money in a greater degree than silver, with other qualities that silver has not, and preferable for that use, tho silver were the product of Scotland. And that by this money, the people may be employed, the country improved, manufacture advanced, trade domestic and foreign be carried on, and wealth and power attained."

(p. 83-84) "What I shall propose, is to make money of land equal to its value; and that money to be equal in value to silver-money; and not liable to fall in value as silver-money falls."

". . . Land is what in all appearance will keep its value best, it may raise in value, but cannot well fall: Gold or silver are liable to many accidents, whereby their value may lessen but cannot well rise in value."

To supply the nation with money, Law proposed that 40 Commissioners be appointed by Parliament, answerable to Parliament for their administration and the Administration of the Officers under them the nomination of these officers being left to the Commissioners.

The Commissioners would have the power to coin notes which would be received in payments wherever offered. A committee of Parliament would be appointed to inspect the management and none of the committee would be members of the management.

There were three ways in which the note issues were proposed to be issued, the most expedient way being the one chosen by preference by Parliament.

1. To authorise the Commission to lend notes on Land Security, the debt not exceeding one-half, or two-thirds of the value.

2. To give out the full price of land as it is valued, 20 years' purchase more or less, according to what it would have given in silver-money. The Committee will enter into possession of such lands by way of mortgage granted to the Commission and redeemable between beginning and expiration of a term of years.

3. To give the full price of land, upon sale of such lands.

Further regulations proposed by Law were:

That any person shall have such bonds, mortgages or estates assigned to them upon paying in the value of the land to the Commission.

That the Commission do not receive other money than these notes.

That no person who has contracted for the notes shall be obliged to receive silver or metal money.

That the Commission has power to coin no more than 50,000 (£) at a time and that no more be coined for as long as there is 25,000 (£) remaining in the Office.

That the Commission be limited for a year and a half to coining a certain sum after which time it has the power to coin whatever sums are demanded unless restricted by subsequent Parliaments.

That those who desire to have money from the Commission give a note to the lawyers of the Commission a month before the term, as to what sums they need, assigning the rights of the lands that they offer in exchange for notes, and that those who have notes to pay in to the Commission, give notice 10 days before the term.

That the note issue figures and debit and credit be published every term.

That any person who shall discover two notes of the same serial number, or of a higher number than those published, shall have claim to a 100 (£) reward. (This, no doubt, was in regard to the problem of counterfeiting such notes.)

That any member of the Parliament may inspect the State of the Commission.

That paper-money does not rise more than 10% in



value above silver money, so that he who contracts to pay in paper may know what he is to pay in case he cannot get paper-money.

On page 88 Law lists the coinage regulations which accompany his plan.

"That after 3 months from the date of the Act, Scots and foreign money be reduced to the English standard. The English Crown to 60 pence, and the other money in proportion to its value of silver. The 40 pence to 38 pence, the new Mark to 13 pence  $\frac{1}{3}$ , the old Mark to its weight, the Ducatdowns to 68 pence. Dollars to their weight, Guineas not to pass 22 sh.

"That after 4 months no Scots money (except what shall be coined after the Act) nor any foreign money except the English money, be received in any payments, or be sold as bullion but at the Mint.

"That for what old money or bullion is brought to the Mint, The Mint return to the full value in new money of 12 pence, 6 pence, and 3 pence pieces; of eleven Denires fine, the 12 pence of 3 drops 3 grains weight, the other pieces to weigh in proportion: the expense of coinage to be payed out of the funds appropriate to that use.

"That for 3 months after the Act, the new money pass for 13 pence, 6 pence half-penny, and 3 pence  $\frac{1}{4}$ .

"That after 3 months, bullion and wrought plate be of eleven Denires fine, and 5 sh. and 2 d. the ounce of silver, gold not to pass 4 (£)."

(p. 89) "The paper-money proposed will be equal in value to silver, for it will have a value of land pledged equal to the same sum of silver-money that it is given out for. If any losses should happen, one-fourth of the revenue of the Commission will in all appearance be more than sufficient to make them good.

"This paper-money will not fall in value as silver-money has fallen, or may fall; Goods or money fall in value, if they increase in quantity, or if the demand lessens. But the Commission giving out what sums are demanded, and taking back what sums are offered to be returned; this paper money will keep its value, and there will always be as much money as there is occasion, or employment for, and no more."

This last paragraph is most important as it contains the seed of a central bank control of money. That is, the Commission will issue only that value of notes that are demanded thus controlling the smooth flow of money into commercial channels and the Commission will take in those notes which are returned to it thus withholding in safety the excess of

notes which otherwise might create an inflationary disturbance in the market place.

Law continues on page 90 with an illustration of the expansion and contraction of the paper-money:

"If the Commission do not give out money when it is demanded, where good security is offered, tis a hardship on the person who is refused, and a loss to the country; For few if any borrow money to (hold on to) and if (the money is spent) it brings a profit to the Nation. . . ."

"If the Commission did not take back what sums were offered to be returned, it were a hardship on the money'd man, who has a sum payed him, and does not know how to employ it; and the quantity being greater than the demand for it, it would fall in value.

"After the method proposed, the quantity being always equal to the Demand for it, it will keep its value, and buy the same quantity of goods 50 years hence, as now: unless the goods alter in their value, from any change in their quantity, or in the demand for them."

Law states further that land has a more certain value than other goods because it does not increase in quantity as other goods such as foods and clothing may. He states that the use of bread may be taken from oats and given to wheat; the use of money may be taken from silver and given to gold or land; the use of plate and the other uses of silver as a metal may be taken from silver and given to some other metal. Land cannot lose any of its uses for as everything is produced by land so the lands must keep its value because it can be used to produce the goods that are in use. Thus land is an ideal value with which to back paper-money.

Law lists a number of qualities necessary in money: (p. 93):

1. Ease of delivery.
2. Of the same value in one place to what it is in another.
3. To be kept without loss or expense.
4. To be divided without loss.
5. To be capable of a stamp.

Law states that paper-money has these above qualities in a greater degree than silver: (p. 93):

1. It is easier of delivery: 500 (£) in paper may be payed in less time, than 5 (£) in silver.
2. It is nearer the value in one place to what it is in another, being of earlier carriage.
3. It can be easier kept; taking up less room. And without loss; Because it may be exchanged at the Office. The consumption of paper is not of so much value as the consumption of silver: The consumption of the paper is a loss to the Office: the consumption of silver is a loss to the owner.



4. It can be divided without loss; Because it may be changed for lesser Notes at the Office.
  5. It is capable of a stamp, and less liable to be counterfeit. (Unfortunately, this last point proved to be too optimistic as is evidenced by the "profitable" task of counterfeiting paper-money through the years.)
- (p. 96) "... The security pledged for this paper money is land. This money has no relation to gold or silver, more than to other goods. . . ."
- "... This paper proposed will not only keep its value, the increase of the quantity depending on the demand, and the quantity decreasing as the demand decreases: But likewise the land pledged is as valuable as the paper given out, abstract from its use as money, and increases in value."
- (p. 100-101) "... Land does not increase or decrease in quantity, Silver or any other product may. So land is more certain in its value than silver, or any other goods."
- "Land cannot lose any of its uses, so will not be less valuable, silver may lose the use of money it is now applied to, so be reduced to its value as a metal."
- "Land may be conveyed by paper, and thereby has the other qualities necessary in money, in a greater degree than silver."
- (p. 102) "The paper money proposed being always equal in quantity to the demand, the people will be employed, the country improved, manufacture advanced, trade domestic and foreign will be carried on, and wealth and power attained. And not being liable to be exported, the people will not be set idle, etc., and wealth and power will be less precarious."

*to be continued*

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# History of the Sinkiang (Province) Provincial Bank

## (Hsin Chiang Sheng Yin Hang)

By KING-ON MAO, Hongkong

Toward the end of the Ch'ing Dynasty, during the Reign of Emperor Ch'ien Lung, the government successfully subdued one of the barbaric tribes—the Kê Erh Tribe (Kê Erh Pu)—in the Outer Regions. In the 40th year of Emperor Ch'ien Lung, General I Lê T'u supervised the founding of the Pao I Monetary Bureau (Pao I Ch'ien Chu). Two furnaces were accordingly set up in I Li to mint the coins for the Bureau at a rate of more than one thousand Ch'uan (1 Ch'uan = 1,000 Wen) per annum. In the 57th year of Emperor Ch'ien Lung, the petition to increase the rate of minting the coins which had been submitted by General Pao Ning was granted.

The coins issued during these two periods were known as the Red Money (Hung Ch'ien). They were issued specifically for subsidiary purposes in payment of military wages, and for general circulation.

The recrudescence of barbaric intrusions haunted the two eras under Emperor T'ung Tzu and Emperor Kuang Hsu. These barbarians were finally subdued by General Tso Wen Hsiang. In the 8th year of Emperor Kuang Hsu, the province of Sinkiang was reorganized into various districts called "Hsing Sheng". All the military expenditures of the province were shared by the various districts and were collected by the Treasury of Kansu. This money was the "IN AID OF REVENUE" (Hsieh Hsiang), and it amounted to 2,420,000 taels, all in cash.

### Provincial Banks

There were a number of provincial banks in the Sinkiang Province. Among them the earliest was the Tih Wa Government Finance Bureau (Ti Hua Kuan Ch'ien Chu). A brief account of the development of these various banks is given below.

(1) Tih Wa Government Finance Bureau (Ti Hua Kuan Ch'ien Chu)

At the time of Emperor Kuang Hsu, the main forms of currency were the "Shoe Money" (Yuan Pao) and the "Silver Coins" (Yin Kuo), and "Silver Ingots" (Yin Ting). The unit of standardization was the tael. Obviously, many



people would feel that it was rather unwieldy to carry these heavy metallic coins around in any large amount. The Governor of a Province (Hsün Fu) (Liu Kin T'ang) saw this and suggested the need of issuing auxiliary coins. Consequently, a total of 25,700 taels (silver) was allocated as reserve (other reports indicated that 10,000 taels Yin Ting—10,000 ingots of Silver—were put aside) to set up the Ti Hua Government Finance Bureau (Ti Hua Kuan Ch'ien Chü)—(also known as the Hsin Chiang Shêng Ch'êng Kuan Ch'ien Shu) (Government Finance Bureau of the Sinkiang Capital City)—in Ti Hua in the 12th month of the 15th year of Emperor Kuang Hsu. The notes issued had a face-value of 400 Wen "Red Money" (Hung Ch'ien) which was equivalent to one tael of silver.

- (2) I Li Government Finance Bureau (I Li Kuan Ch'ien Chü), K'o Shih Ko Erh Government Finance Bureau (K'ê Shih Kê Erh Kuan Ch'ien Chü), & Aksu Government Finance Bureau (Ah K'ê Sü Kuan Ch'ien Chü)

### Red Money Boost

After the establishment of the Ti Hua Government Finance Bureau, the I Li Government Finance Bureau was set up in T'ien Shan Nan Lu (South T'ien Shan Street); so were the K'o Shih Ko Erh and the Aksu Government Finance Bureau in T'ien Shan Pei Lu (North T'ien Shan Street). All of them contributed to the boost in the minting of the Red Money for circulation.

In the beginning of the reign of Emperor Kuang Hsu, the **In Aid of Revenue** obtained from the various districts could still help in subsidising the internal government expenditure after paying off all the military expenses. After the Boxer Rebellion (in 1900), each province in China was asked to pay a part of the redemption money. Sinkiang province was obliged to share 400,000 taels of the total redemption. Unfortunately, collection of the **In Aid of Revenue** gradually became difficult so that, finally, the Provincial Treasury (of Sinkiang) was completely incapable of balancing the enormous expenditure with its limited income.

In the 33rd year of Emperor Kuang Hsu, the Governor of the Frontier Regions, Wang Shu Nan, ordered the printing of paper money, from within the Chinese Proper, to a value of one million taels and gathered a capital of 1,200,000 taels to re-organise the Ti Hua Government Finance Bureau. Five major branch offices were established: in Tih Wa (Ti Hua), I Li (I Li), K'o Shih Ko Erh (K'ê Shih Ke Erh), Aksu (Ah K'ê Su) and Tah Cheng (T'a Ch'êng). Other smaller branch offices were set up in various prefectures. The Bureau then issued a number of "Oil Cloth Notes" (Yu Pu P'iao) on a "60% Government notes, 40% cash" reserve. As a result of the dissimilarities in the financial situations in Ti Hua, and K'o

Shih Ko Erh, three different kinds of notes with different values were produced: "Sheng P'iao" (Provincial note) in Ti Hua, "I T'ieh" (I Li note) of I Li, and "K'e Shih" (K'o Shih note) of K'o Shih Ko Erh.

These Government Finance Bureaux followed more or less the same policy as the ordinary banks. They also did business in the form of remittances, savings and loans. Furthermore, they even tried to promote the minting of gold coins. There were two denominations: One Mace (I Ch'ien), and Two Maces (Erh Ch'ien); and each mace was worth Pure Silver (Wen Yin) three taels. Nevertheless, this business came to an end not long after it had started.

### People's Losses

The practice of collecting the **In Aid of Revenue** ended after the establishment of the Republic of China. To compensate for this "loss" the Governor of Sinkiang Province, Yang Tseng Hsin, issued a quantity of irredeemable notes produced by lithography. This quantity of notes had no solid reserve for backing up at all; and their circulation was incumbent upon the authority of the government. Henceforth, there was considerable deterioration of the reputation of paper money. At the beginning, the actual value of a note was still worth half its face-value; but, later, this factor was reduced to one quarter. People, under these circumstances, suffered tremendous losses; as a result of this, they even turned to trust the notes issued by the Russians.

The primary incentive behind Yang Tseng Hsin's idea of issuing irredeemable notes was to supplement the internal government expenditure of Sinkiang Province. But, obviously, this practice was bound to be short-lived. In the 4th year of the Republic of China (1915), no more of these notes were allowed to be printed. Shortly afterwards, there was a recognizable restoration of the value of these notes: a One Tael note (most of the notes issued by Yang were of face-value One Tael) could be worth 400 Wen (cash coins). In the 7th year of the Republic of China (1918) these notes had attained a value equal to that of silver cash!

After 1918, military expenses increased due to the frequency of wars along the borders. In the 8th year of the Republic of China (1919), the Peking Government printed a new kind of currency amounting to a total of five million taels; in addition, auxiliary coins in denominations of 2 Maces (Erh Ch'ien), 1 Candareen and 5 Candareens (I Fen). All manoeuvres, however, could still not quite make up for the enormous financial deficit which existed. As a last resort, the printing of lithographed notes was resumed. The value of notes depreciated again: more than 300 taels of these Provincial notes (Shêng P'iao) were needed to exchange for one hundred taels of Wen Yin (pure silver); and 100 Yuan



of National Currency were exchangeable for 260 odd taels. This kind of unequal exchange continued for over ten years. (3) Provincial Bank of Sinkiang (Hsin Chiang Shêng Yin Hang)

### **Governor Assassinated**

Governor Yang was assassinated in the 17th year of the Republic of China (1928). Chin Shu Jen was appointed the new Governor of Sinkiang Province. Chin founded the Province Bank of Sinkiang (Hsin Chiang Shêng Yin Hang) on July 1, 1930, with an initial capital of 5 million New Taels (Hsin Liang). Since the Bank was government-owned, all its top-ranked officials were appointed by the government. The majority of the Bank's business included savings and checkings, remittances, arrangements of loans, and other duties which would otherwise be done by the Provincial Treasury.

Chin Shu Jen was ousted in the "April Uprising" (Szu Yueh Ke Ming) of 1933 and the former Viceroy, Shêng Shih Tsai took over the administration of Sinkiang Province. The Province Bank had once stopped its operation temporarily because of the frequent banditry in Sinkiang. After the "April Uprising", Shêng consolidated the basic structures of the Province Bank so that it gradually assumed some of the rudiments of a formal Bank. Furthermore, a "Village Relief Department" (Nung Ch'uan Chiu Chi Pu) was set up in the Bank by the Province Government in an attempt to alleviate the hardships incurred as a result of the banditry.

In 1936, the six policies (Justice, Democracy, Peace, Construction, etc.) and the Eight Declarations (uphold the doctrine of Equality of People, protect people with Freedom of Religion, provide for Village Relief, consolidate Financial Situation, realise the importance of the scrupulous honesty of government officials, expand and develop education, promote the Doctrine of Human Freedom, and improve the Judiciary) were published. Shêng Shih Tsai accordingly enforced these "New Deals". The various phases of the three-years Construction Plans were carried one after another. Moreover, every endeavour was tried to improve the economy and finance of the province. The Province Bank also underwent rigorous reforms. Special departments dealing with business such as pawning and mortgaging as well as village relief were also set up, in an attempt to safeguard the poor from further exploitation by speculative brokers who charged high interest rates on their loans. This contributed considerably to the improvement of the poor devastated villages. Reciprocally, the convenience given to the public by this series of reforms also helped to develop the business of the Bank itself: there was a tremendous increase in the amount of deposits and remittances.

**(To be continued)**

# **IBNS SOCIETY NEWS**

## **MEETINGS**

### **LONDON GROUP (SEPT. 1973)**

Senior members are saying that London's September meeting was the largest ever. Certainly the well-appointed Keene Lecture Theatre (Westminster Medical School) was full to capacity, although this was only the second meeting at this venue.

The main speaker was Dr. David Rogers, visiting us specially from Wales, the first non-I.B.N.S. member to address the group. His subject, illustrated by slides, was "French Revolution Currency 1789-1815", and, as indicated by the title, covered coins as well as assignats and related material of the period, paying particular attention to the background of inflation. Question time revealed a surprising number of Assignat collectors.

This was the first meeting under the auspices of the new organising committee, who announced that in future any member of I.B.N.S., wherever resident, who would like an individual notice posted to his home giving two weeks notice of each meeting may have this service on payment of a nominal sum to cover costs, and that the committee intend to provide this notice in the form of a short "news sheet" of local topics.

The group is now known as "LOG" (London Group) rather than the London Bi-monthly meeting.

The meeting ended with the traditional auction, conducted with much humour by Mr. Richard Lobel.

Next Meeting: 29th November—Keene Lecture Theatre—will include an important display of Scottish banknotes.

LOG Secretary: S. K. Gupta, 47a Goldsborough Road, London SW8 4RP.

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### **NORTHERN REGION (U.K.)—3 NOVEMBER, 1973**

A very successful first U.K. Regional meeting was held in the Y.M.C.A. Hall, Southport, Lancs. under the Chairmanship of Vincent Pearson. Twenty-two persons attended, the majority being I.B.N.S. members. Ernest Quarmbury, a well-known authority on Isle of Man paper money, presented an



excellent display of notes and gave a talk (with slides) on this subject. His lecture had been preceded by the customary Auction.

The I.B.N.S. President (Dr. D. C. O. James) gave a short address and congratulated the Chairman on having launched this new British I.B.N.S. group. He encouraged members to take an active part in the Society's affairs—not only locally by offering their services to the Chairman but also more generally by putting forward nominees and duly returning their nomination papers for the I.B.N.S. Elections which are pending in 1974. Mr. Pearson stressed the importance of David Keable's publicity campaign in the success of this and future meetings.

A lively discussion followed and it was agreed to hold future meetings on a quarterly basis, the next meeting to be held in the same hall on the first Sunday in February, 1974. Secretary: Vincent Pearson, 39 Skipton Avenue, Southport, Lancashire, PR9 8JP.

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### LECTURES AND TALKS

F. Philipson, F.R.N.S. (I.B.N.S. (U.K.) Secretary) gave a lecture on "The world of paper money" at Beeston on 26 September as part of the current Adult Education Course.

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## 1974 ELECTIONS

1974 is IBNS election year and the following posts will be vacant:

**PRESIDENT**

**VICE-PRESIDENT**

**RECORDING SECRETARY**

**TREASURER**

**7 DIRECTORS**

*The elected officers may run for a second term but no longer. There is no such restriction for Board members. Names of members nominated for any of these posts should be forwarded as soon as possible, after obtaining written approval to:*

*William H. McDonald*

*Chairman*

*IBNS Nominating Committee*

*Station B*

*Willowdale*

*Ontario, Canada M2K 2P9*

# Meet Fellow Members

## Barry Kessell—I.B.N.S. 877

Barry was born in Quincy, Ill. on 16 August 1941 and was educated in the Quincy schools and later at the Northeast Mo. University, Kirksville, Mo. He is now employed in the credit collection business.

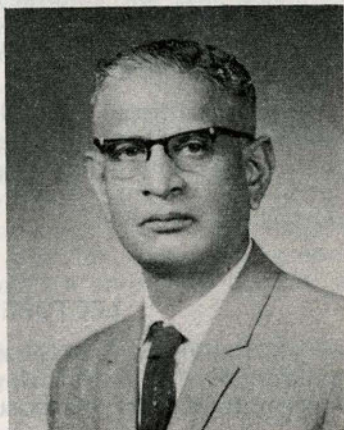
His collecting interests started with stamps at eight



years old, graduating to United States coin collecting by his nineteenth birthday. Inspired by some Japanese Occupation notes owned by his father, he became interested in these and decided to collect Japanese occupation money of the South Pacific and China. He now has a collection of several hundred notes, mainly Japanese. Barry joined the I.B.N.S. in 1970.

## Mr. C. V. Sathe—I.B.N.S. 1343

Mr. Sathe, of Bombay, is aged 61 years and celebrates his birthday on 26 January—the Republic Day of India. He



is employed as Special Assistant in the Stationery Department of the Bank of Baroda, Bombay.

His young days and earlier education commenced in Dhulia, 220 miles from Bombay, from whence he went to Poona to study for his B.A. degree of the University of Bombay. He was a keen philatelist at school but later his interest in bank note collecting became predominant.

Mr. Sathe is married and has a remarkably talented family. His wife, Mrs. Madhumalati Sathe returned to the University after 24 years of married life and took her M.A. degree when 52 years old. She is a teacher and musician. Mr. Sathe has three



children, the elder daughter and son being graduates and the youngest daughter a university student.

It is not unexpected, perhaps, that Mr. Sathe has specialised in Indian Bank Notes, commencing with British India from 1854. He hopes to write a book on 'The history of Indian Notes'. His collection also includes sections devoted to the Republic of India, as well as to Portuguese and French India, etc.

### **Jim Betton, I.B.N.S. 848**

Jim Betton of Santa Monica, California has been active in the hobby since 1948; he holds A.N.A. Life Membership No. 655 and has attended ten A.N.A. conventions. Jim has served in the club representative programme and has been the district A.N.A. representative for the west coast area for a number of years; in this capacity he has presented and promoted the A.N.A. to over 140 different coin clubs. Jim has also served the A.N.A. as convention speaker, member of the Resolutions Committee Exhibit Judging Committee, Gifts and Bequests Committee, Exhibit Rules Committee and the Young Numismatists Committee.

Mr. Betton has become well-known on a national and international level through his speaking, writing, travels and serious collecting pursuits. He holds active membership in the

Canadian Numismatic Association—Life Member and active participation in seven national conventions; Token and Medal Society—current member of the board; OIN—founding member and first editor of OIN-O-GRAM: American British Numismatic Society—Fellow and current member of the board; C.O.I.N.—active in many capacities since its inception; F.U.N.: California Exonumist Society—past officer: Royal Numismatic Society of New Zealand:



Numismatic Societies of—South Australia, Auckland—New Zealand, South Africa, Tasmania, India, Philippines, Japan, etc.: International Banknote Society: Canadian Banknote Society: Azteca: A.I.N.A.: TEC: Numismatics International: California State Numismatic Association—now serving in fifth year as a director and just

completed the two-year job of editing the 387 hard-cover reprint "Money Talks": Numismatic Literary Guild — founding board of directors: Numismatic Association of Southern California—past editor of Quarterly, past president and current member of the

board: Society for International Numismatics—one of the seven founders, past editor of SIN Journal, international representative, past president and recipient of the coveted SIN Silver Medal of Merit in 1968: ANS: and Fellow of the Royal Numismatic Society.



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## TRIBUTES

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The news that Bill Stickles has handed over the reins of office as I.B.N.S. Secretary cannot be allowed to pass without some word of appreciation for his valuable services.

Perhaps, as the Asst. Secretary, I am entitled to say "Thank you, Bill for all you have done for the Society." Having worked closely, corresponding and sharing the problems that come up in secretarial duties, Bill and I entered into an understanding partnership spirit.

A secretary of the I.B.N.S. has to make sacrifices, he



cuts back his collecting interests and tries hard to keep the domestic side of his life normal while having a large daily mail to give attention to. Bill has managed to do all this with credit and deserves a big "THANK YOU" from all our members.

We also wish his successor a happy term of office.

Fred Philipson, F.R.N.S.



## Yasha Beresiner



Yasha Beresiner has relinquished the post of Editor of the I.B.N.S. journal after three years during which he improved the standard of the magazine and increased the size. We are pleased to say that Yasha is continuing his membership of the society though he is devoting his main banknote energies to the notes of South America and has formed L.A.N.S.A., a specialist society for collectors of those notes.

We wish him luck with the new society. His business interests take him frequently to South American countries and he is doing much research into the note issues of these areas as well as the Turkish notes which he has collected for many years.

The society takes this opportunity of thanking Yasha for his services and looks forward to L.A.N.S.A. affiliating to the I.B.N.S.!

Colin Narbeth.

**GODFREY BURR**

Due to increased business commitments Godfrey Burr has found it necessary to relinquish his post as Advertisement Manager, for the past five years, to Bill Pritchard. To take a position which was not held by a predecessor and to mould it into a successful and flourishing business, to him our thanks must surely go. We hope he continues to maintain an active interest in the Society.

John Glynn.

## **Thank you all . . .**

**To my fellow-collectors of  
International Bank Note Society  
and World Paper Currency Club**

*Since the unfortunate incident that happened to me in 1967, I have been much obliged to many of my friends and fellow-collectors: Mr. Colin Narbeth, Mrs. Albert Pick, Mr. Alexander Sullivan, Mrs. Adolph B. Hill, Jr., Dr. Brian Matravers, Mr. Albert Don, and many others, for their most sincere concern and heart-felt consolation. These kindest and touching regards have been treasured in my mind; I dare not forget.*

*Due to my difficult situation, nevertheless, I have been unable to make any reply or answer. For this breach of etiquette, I express my regret and seek your generous pardon.*

*The situation at present is improving so that I could write to Mr. King-on Mao, requesting him to write on my behalf this letter of acknowledgements to be put out in the International Bank Note Society Quarterly, and thank you all.*

*At the same time, I wish to renew my membership of the International Bank Note Society and World Paper Currency Club, and so I have requested Mr. Mao to pay my membership fees accordingly. I also hope that I can retain my old membership numbers: I.B.N.S. No. 21 (fees have been sent to Mr. William H. Stickles, Secretary) and W.P.C.C. No. 49 (fees have been sent to Mr. Alexander J. Sullivan, Secretary).*

*I pray to see a better opportunity when I can express my words of appreciation to you all.*

*Yours very truly,*

*S. Loy.*



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**LOSS OF MEMBERS**

Robert Bauman	720	Resigned
Leon Geller	960	Resigned
Cees P. Sasburg	578	Resigned
R. G. Mullins	710	Dropped—Non-payment of Dues
John Corbett	1124	Dropped—Non-payment of Dues
J. A. Richards	1128	Dropped—Non-payment of Dues
John A. Teeling, Jr.	854	Dropped—Non-payment of Dues
David V. Perry	408	Dropped—Non-payment of Dues
Gary Tucker	729	Dropped—Non-payment of Dues
Joseph P. Sourek	1177	Dropped—Non-payment of Dues
Dennis Lane	1102	Dropped—Non-payment of Dues
John Hnatiuk	869	Dropped—Non-payment of Dues
Ladislav Sin	1447	Dropped—Non-payment of Dues
Marina Kuldicova	1086	Dropped—Non-payment of Dues
Zdenek Netrval	525	Dropped—Non-payment of Dues
Miroslav Zajic	270	Dropped—Non-payment of Dues
Kenneth L. Morse	668	Dropped—Non-payment of Dues
(Bettysons')		
Robert H. Meyer	241	Dropped—Non-payment of Dues
Mrs. N. J. Keel		Resigned
Tom McAfee		Resigned
Maurice T. Brooks		Resigned
Mervyn Hamilton		Resigned
Barry D. Hoffman		Resigned
John M. Fenner		Resigned
Ronald T. Ohama		Resigned



Michael Mann		Dropped—Non-payment of Dues				
Eva Hardy		Dropped—Non-payment of Dues				
Anthony G. Brown		Dropped—Non-payment of Dues				
Stanley G. Tingle		Dropped—Non-payment of Dues				
Peter H. Newman		Dropped—Non-payment of Dues				
P. J. Carey		Dropped—Non-payment of Dues				
G. A. Cole		Dropped—Non-payment of Dues				
M. E. Driver		Dropped—Non-payment of Dues				
J. Braithwaite		Dropped—Non-payment of Dues				
M. R. Morrison		Dropped—Non-payment of Dues				
Harvey Schulman		Dropped—Non-payment of Dues				
Anthony G. Smith		Dropped—Non-payment of Dues				
James S. McLean		Dropped—Non-payment of Dues				
Keith A. Ewart	C-42	Dropped—Non-payment of Dues				
Raymond S. Toy	C153	Dropped—Non-payment of Dues				
Lih Wu Ding	498	Mail Returned				
Robert J. Adams	604	Mail-Returned				
Leidy R. Reel, III	1522	Resigned				
Elliot H. Wilson	639	Dropped—Non-payment of Dues				
Duncan Andrews	783	Dropped—Non-payment of Dues				
Charles H. Swift	860	Dropped—Non-payment of Dues				
Robert Larritt	838	Dropped—Non-payment of Dues				
Alec Quackenbush	843	Dropped—Non-payment of Dues				
Dudley C. Racher	844	Dropped—Non-payment of Dues				
J. L. Coultas	1068	Dropped—Non-payment of Dues				
Dr. Douglas Geary	1069	Dropped—Non-payment of Dues				
Jeffrey Samuels	1370	Dropped—Non-payment of Dues				
Michael O'Rinn	1371	Dropped—Non-payment of Dues				
Lars Ridstrom	1428	Dropped—Non-payment of Dues				
Gilles Cahuziere	1432	Dropped—Non-payment of Dues				
James Rutlader	324	Dropped—Non-payment of Dues				
Herrick E. Frost	593	"	"	"	"	"
Sylvia K. Frost	1176	"	"	"	"	"
J. W. Eddington	1029	"	"	"	"	"
Nelson Metz	442	Resigned				
Lee R. Saliter	1439	Resigned				
Norman P. Repper	1017	Dropped—Non payment of				
		Dues				
John D. Hewitt	1038	"	"	"	"	"
Richard J. Chapman	1042	"	"	"	"	"
W. H. Aldcroft	1044	"	"	"	"	"
David Curry	1046	"	"	"	"	"
Anthony Fryett	1050	"	"	"	"	"
Shmuel Matalon, Israel	1347	Dropped, no longer collecting				
N. A. McGregor	1117	"	"	"	"	"
David L. Vice	1142	"	"	"	"	"
Matthew J. Hawkes	1324	"	"	"	"	"
John Schofield	1367	"	"	"	"	"
R. W. Burke	1459	"	"	"	"	"
C. T. Sasburg	578	Resigned				

# Spotlight on Latin America

By Yasha L. Beresiner, N.L.G.

"Latin America" are sweet sounding words to many an *afeccionado* of the sub-continent. Notaphily apart, to stand at the topmost peak of Huana Pichu and watch the sunrise, as did great Inca Kings eight centuries earlier, is an awesome experience; the excitement of finding oneself able to walk with one foot on each hemisphere at the equatorial monument just outside Quito, needs trying out to be truly appreciated; every warm sentiment is justified as one treads the streets and very stones of Bogota, where only 150 years ago Simon Bolivar, THE Libertador, left his mark never to be erased from history.

**Background:** Until recently South America remained, for many Europeans particularly, that distant land of mountain and jungle, where safety awaited a great number of criminals! Juan Peron and Evita's associations with the Nazis during and since the war, Eichman's sequestration from Buenos Aires in 1960 and recent rumours of Borman's presence in Bolivia, Colombia, Chile and the Argentine respectively, are only some examples that have associated the area with crime. Fiction and the entertainment media have done little to dispel this exaggerated association; bank robbers on the run, escaped criminals and fugitive tax-evaders always seem to be searching for a Latin American haven for lawbreakers. Modern political intrigue and interchange have only added to the feeling, until recently, that "such-things-can-happen-only-there"!

The United States, particularly in view of its geographical proximity, has always had an invested interest in the area, but this has not been the case with Europe or many Asian and African nations. With the exception of a number of persistent "old-timers", Latin American trade contacts up to the mid-1960s with countries other than the States have been infinitesimal.

But times are changing and the change is having just as much effect on notaphily as on other aspects of international relationships.

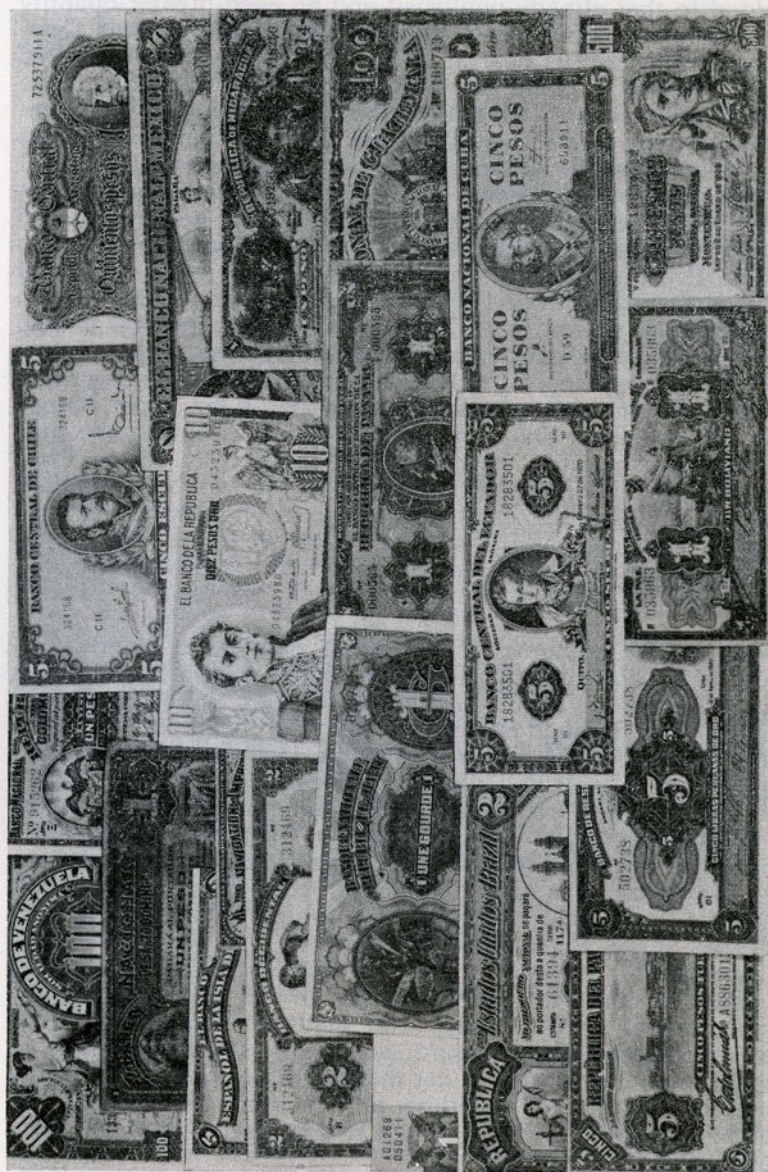
**Literature:** Many collectors will be surprised to hear that of the 20-odd countries comprising the sub-continent, only Nicaragua and Venezuela remain to be catalogued in relation to their paper money issues. The bulk of the work has been done by George Sten in his monumental "Banknotes of the



World" but since his untimely death in 1967 prior to completion of his undertaking, a great deal of material has been added to that already published and an even greater quantity of previously unpublished material has come to light in Catalogue form. (Let us bear in mind that Sten's work terminated with "Kuwait".) Important publications, many of which have become collectors' items in themselves, include official commemorative volumes distributed by central banking authorities in Latin America. Among the most recent and attractive of these must be the Banco de Brazil "Iconografia" celebrating the 150th anniversary of Independence in 1972. The 316 pages of the voluminous 35cm x 26cm work incorporate some two hundred full-size photographs, many in colour, of the paper money from 1778 to date. It seems ironic that such stupendous works can either be obtained free of charge or alternatively must be paid for well in excess of their value. As I write this short article, we await the appearance on the market of the well-advertised catalogue of the Paper Money of the Americas. The fact that the author is among the best known personalities in paper currencies, Mr. Albert Pick, guarantees the quality and accuracy of the forthcoming publication. Although this catalogue will cover only Latin American, North American and Canadian notes of this century, it is bound to be an impressive and important incentive to the collector whose tendencies are already inclined toward the area.

**History:** The colourful, if somewhat erratic and bloody, history of the whole land and its people is well-portrayed on its paper currency. Peru's modern banknotes, in chronological order, trace through her history from the Incaic Period to the War of the Pacific at the end of the last century; Chile and Argentina as well as Uruguay depict patriotic scenes related to the liberation from Spain which combine historical recording with art at its best; Columbus' voyages on Ecuador's notes; Guevara's signature on Cuban ones; Aztec archeology on Mexican issues and so forth, all depict an aspect, whether historic, economic or geo-politic, which excite further and deeper study. Such study leads to the discovery of issues, unattractive, maybe, in their appearance, but fascinating indeed in the circumstances under which they were issued: innumerable private issues and contemporary falsifications of the disastrous "thousand day" civil war of Colombia at the turn of the century; a war that lost Colombia her territorial hold on Panama and found her a humiliated and economically broken Republic rebuilding the nation from American compensation.

The triple alliance war waged on Paraguay by Brazil, Uruguay and the Argentine in the 1860s resulted in tragedy emphasised by paper money issues so abundant after the war because there was almost no population left to use it!



A general collection of South American notes





*Tupac Amaru led the last of the Inca Indians' revolt against the Spaniard in the late 1700's. Peru's Military Government today uses him as the Revolutionary hero-symbol to win support from the Indian masses in the country.*



*Colombia's "Thousand day war" was a self-inflicted penalty on the Colombians. Liberals and Conservatives fought bitterly and brought disaster to all. Emergency issues, such as this note, were designed, engraved on wood blocks and printed on ordinary writing paper, all in the field.*



The most famous of the Bolivar portraits is reproduced on the Bank notes of Venezuela, Ecuador, Bolivia and Colombia.



The tragic and totally destructive war of the triple alliance of the 1860s left Paraguay without a population. Women and children of ten had been forced to fight and died doing so. Over two-thirds of the total male population lost its life. Notes are common because no one was there to use them!



The revolutionary issues of Cervantes in Iquitos in 1921 are still vividly recalled by the inhabitants of the jungle city of Peru. All these issues and many other emergency monies rarely do justice in their appearance to the great events they were an integral part of. Their true meaning and significance will only be appreciated by the collector whose insatiable curiosity will have led him to search and research.

**Foreground:** Many Latin Countries have begun their own paper money printing processes in recent years. Outstanding among them are Brazil (claiming one of the newest of its issues to be the most "unforgeable" note in the world; Colombia, Chile, Argentina and Mexico; but local printing has detracted little from the high quality of the notes that are circulated . . . although some of the classical American Banknotes Co.'s allegorical vignettes may be rather manifestly lacking. They are not lacking, however, from earlier issues. Every printing company in the world seems to have had a hand in the printing of paper money and security documents for the Latin American Republics. Apart from such obvious companies as Bradbury, Waterlow & Sons and Thomas de la Rue, a large number of printers, many no longer in business, contributed their efforts which are keenly admired today by collectors; Peter Maverick, Homer Lee and the Hamilton Bank of New York; the Columbian Bank Note Co., of Washington and Perkins, Bacon of the U.K. are just some examples.

Latin American coins of the Spanish Conquest and Republic period have been popular collecting subjects for many years. It would seem that now, with the increased availability of literature and, as a direct result, the greater availability of material from the area, numismatically too can take its place to complement and complete the numismatic picture in EVERY collector's collection.

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### Index to the I.B.N.S. Journal

This comprehensive index to all past I.B.N.S. Journals may be obtained from:

Carl E. Mautz,  
609 Pacific Building,  
Portland, Oregon 97204,  
U.S.A.

(See page 379 for Review by Colin Narbeth and page 380 for further details.)

# German forgeries of the Pound Sterling

By REG AUCLAND

The head of the German Secret Service Schellenerg wrote in his memoirs that his department was engaged in the perfect counterfeiting of English £5 and £10 banknotes (and hinted at the £1 and the higher denominations also) early in the war. The most expert engravers available, sworn to absolute secrecy and kept under strict guard, were given the task of faithfully copying the 160 identification marks of a banknote on to their plates while two paper-mills, one in the Rhineland another in Sudetenland, expended twenty-four months on simulating the peculiar "grease-proof" paper of English currency notes.

As soon as the experts considered that perfection had been reached; perfection also in the serial numbers which mathematical professors had deduced by complicated formulae the system of numbering used by the Bank of England and were thus always one to two hundred notes ahead of the genuine issue, it was decided to try out the worthiness of the result of so much time, money and craftsmanship.

A Secret Service man was sent to Switzerland where he presented a large number of £5 and £10 notes to one of the big banks. Confessing to the manager that he had acquired the money on the black market, he asked that their genuineness be confirmed by the Bank of England. This was done by the manager as much to protect himself and the bank as to help a wealthy customer. To the German's great delight, the Bank of England accepted 90% of the forgeries as genuine and rejected the remainder as counterfeit! On the strength of such undeniable ability on the part of their forgeries, the Secret Service went from trial printings to mass production.

## "Bombing" plan

A plan had been hatched for bombers to drop Bank and Treasury notes over Britain by the ton and to saturate the country with false money, thereby causing utter confusion, doubt and distress to the population. Lack of confidence in the Bank of England and even the fall of Government would possibly have been the result. But this great plan, called Aktion Bernhard, to disrupt a nation's economy by forged currency came to nothing.



Two reasons for this are given by Schellenerg. Britain, he says, was too well defended from the ground to risk the bomber planes which were necessary for the operation and which anyway, did not have the necessary fuel. To my mind both are invalid for the decision to abandon the plan. What is more likely is that Hitler feared a mass money reprisal on Germany, for it had already been rumoured that forged German Reichmarks had been dropped on various towns of the Third Reich by Allied planes operating from English bases. Certainly it is true that forged ration cards and stamps had been dropped.

But only after the war was it found out that the forged Reichmarks turned out to be well-copied, including watermark, examples of the German Army's *Behelfszahlungsmittel* (Auxiliary Payment Certificate)—known as "canteen money"—for use by uniformed personnel. Such 50 Reichspfennig Certificates had been meticulously forged but with the normal blank reverse filled with four varieties of anti-Hitler propaganda.

However, the money forged by the Germans **was** put to some use. For example, they paid "Cicero", the valet spy in the British Embassy at Ankara who gave them unlimited valuable information on microfilm from documents in the Ambassador's safe, in forged notes. Germany also paid forged money for arms obtained from Resistance groups, to unscrupulous businessmen abroad and for those other nefarious activities which are part and parcel of all secret services.

### Still turning up

The notes found their way into all sorts of places in all parts of the world and even today they are still turning up at banks. Whilst serving in the Royal Navy in 1943, the author of this article was offered a handful of fivers in return for some English cigarettes. At that time, naturally, I was not aware of the existence of Aktion Bernhard and the only reason no deal was made is that so much money frightened me. I had visions of unwittingly becoming a black market king, being caught and spending a few years behind bars! I had no wish to become involved in shady deals with Arabs in an ill-lit, shabbily furnished back-room of a street café in Bizerta. Not until the war was ended and the story of the forged fivers was told did I realize, that what I had been offered were undoubtedly some of Germany's best counterfeit money.

By 1945 the millions of pounds' worth of forged notes issued by the Germans had so seriously inconvenienced the Bank of England that they called in all notes of £5 and above. The £5 notes themselves were redrawn and their predecessors declared invalid for general circulation.

Some time ago there was a news item in the British newspaper "Daily Telegraph" suggesting that the wartime 10/- note had been forged. According to the reporter, a ten-shilling note with some odd "R" or "G" undertones just above the imprint identified it as a German wartime forgery so designed, the writer explains, to undermine the Bank of England's authority. What the "undertones" and "imprint" are I am sorry to say that I have no idea.

### For propaganda

There is no evidence that the Nazis forged £1 notes, but we do know that this value was used for propaganda purposes. The face-side of the Peppiatt issue was photographically reproduced and on the reverse was printed anti-imperialist, etc., propaganda. The languages used were Arabic (North Africa) and Italian (Italy and North Africa?). Copies of the propaganda note were dropped by the Luftwaffe over Arab and Italian populations during the middle of the war.

There is also another Peppiatt copy reproduced in an intense dark green on a very white background in contrast to the lifelike copy of the first attempt.

In Yugoslavia the Germans parodied the design of the £1 note, and which suitably propagandized, they dropped over partisans in 1943.

### SOURCES:

Schellenberg's Memoirs.  
Operation Bernhard by Pirie.  
Air-Dropped Propaganda Currency by Auckland.  
Daily Telegraph news item.



# The Fall and Fall of the Continental

By M. G. BARNETT, London, England

The Continental Congress was the product of the new-found spirit of nationalism of many of the States of the infant America. Peoples tend to find common ground with astonishing ease whenever they have a common oppressor. In this case, the English Government, under King George III, was the oppressor. The American States were not allowed to manage their own currencies, not allowed to price their commodities at levels determined by the local market conditions—and then there were the inevitable heavy taxes to pay to these remote and high-handed foreigners.

The Petition to the English House of Commons by the new Congress at the famous "Stamp Act" meeting of October 7th to 24th, 1765 cited:

"That money is already becoming very scarce in these Colonies and is still decreasing by the necessary Exportation of Specie from the Continent, for the Discharge of our Debts to British Merchants . . .

. . . that the Balance of Trade will ever be much against the Colonies and in favour of Great Britain . . .

. . . in a country where Freeholds are so minutely divided, and Property so frequently transferr'd, a Stamp Duty must ever be very Borthensome and Unequal.

That it is extremely improbable that the Honourable House of Commons sho'd at all Times, be thoroughly acquainted with our Conditions . . ."

For these and a host of other good reasons, the American leaders became politically conscious, and extremely frustrated with their English overlords.

Perhaps the final straw was the row over certain Acts of George III which, in effect removed the right for American citizens to be entitled to trial by a jury of their peers. The Continental Congress on Grievances against Britain (Oct. 14th 1774) resolved that the people of the Colonies should be so entitled and there were a host of other such privileges claimed, such as the right "to participate in their (own) legislative council". In the famous case of *Trevett v. Weeden*, the Court in effect overruled the English law and established the Common Law right of trial by jury as a fundamental right of United States citizenship.

It is obvious from the above that the relations between the warring nations was going from bad to worse. Although Parliament did allow each State to issue its own paper (13



Geo. III C57 effective Sept. 1st, 1773), this only had the effect of permitting merchants to pay off long outstanding debts. It created some problems concerning the differing exchange rates between states. Many used Spanish milled Dollars instead of the English currency they were intended to use and some, in an effort not to rely on any currency too much, expressed the value of the notes as weights of gold or silver—Does that sound familiar? So there was chaos.

As a defiant gesture against England, Congress, in its Journal records for June 22nd, 1775:

"Resolved, That a sum not exceeding two millions of Spanish milled dollars be emitted by the Congress in bills of Credit for the defence of America.

Resolved, that the twelve confederated colonies be pledged for the redemption of the bills of credit, now directed to be emitted."

In the five short years of its disastrous history, no less than \$241,552,780 of this "Continental" paper was authorised. Small wonder then that it was finally redeemed at 2½c to the \$!

But why did it all happen? Obviously the root of the trouble was the fantastic quantity of notes in a society with practically no economy of its own. The English Government's policy of participating in and encouraging counterfeiting did not assist but it is probably only fair to say that this was a minor contributory factor. It must be remembered that these were bills of credit and the people were in fact giving credit to the Continental Congress in the hope that, when the English were beaten in the war, the independent American government, with all the resources of the country at its disposal, would be able to redeem the bills. If only two million dollars had been emitted, as envisaged by the June 22nd 1775 resolution, this would probably have been redeemed in full. But the continuous demand by the troops for money to finance the war necessitated the approval of ten further issues.

People began to become doubtful about whether their bills of credit would ever be redeemed. The lowest denomination issued on 11th April 1778 (The Yorktown Issue) was \$4 as against \$2 the year before and the value of the Continental note in April 1778 was practically 50c. A \$40 note was issued as against the previous highest denomination, \$30. By this time, the doubt was self-feeding and when the Sept. 26th, 1778 issue started at \$5 and went as high as \$60, the end was nigh!

Scoundrels were avoiding their debts by payment in Continental currency. Even when the debts were not of long standing, creditors sometimes found that they could only exchange the notes at large discounts.

At the time of the September issue, \$4 were being exchanged for one Spanish milled Dollar. By the time the Jan. 14th 1779 Resolution was passed, the fate of the



currency was assured. The exchange rate was now \$7.42 to one Spanish milled Dollar. Although the \$ note reappeared, it was simply small change. The following high denominations were issued: \$30, 35, 40, 45, 50, 55, 60, 65, 70 and \$80 and there were no notes of denominations between \$5 and \$20. This irresponsible issue alone accounts for in excess of \$105,000,000 of Continental currency. Small wonder then that the rate fell within three months of this issue to 10.5:1. One year after this it was to be exchanged at the rate of \$40 for \$1 of new money issued by the States pursuant to a Resolution of the Congress dated March 18th 1780. It is not surprising that the States found many Continentals coming back to them in tax payments.

It appears that the lesson of the Continental experience has yet to be learnt by the U.S.A. A currency cannot remain stable unless the people have confidence in it and they will lose all confidence if the currency is not convertible on demand or within a short pre-determined period (Instance: the success of the 3 month convertibles in Scotland in the nineteenth century). Currency must, in addition, be convertible into commodities which are commonly accepted and desirable. And there must be enough of these commodities at the Government's disposal at any time to meet a call for conversion. Loan notes cannot pass for currency unless the debtor can be clearly seen to be able to repay.

The only alternative is a totalitarian regime where fear alone may prevent the people from arguing with an insolvent State.

There are, in conclusion, two comforting thoughts: The first is that the failure of the issue did not permanently affect the development of the country and the second is that, owing to the quantity of the notes issued (although many were redeemed), it is still possible to get a nice specimen for \$50 or so, in some cases less than face!

# India's first George V 10 Rupee Notes

By R. LEADER, Huntingdonshire, England

In my article in the March 1972 Journal I questioned (page 143) the correctness of the dates assigned by the late George Sten to the George V "with portrait" notes, and suggested that 1920 would be nearer the mark than the oft-quoted "1910-1917".

There is no question that the One Rupee and Two and a half Rupees notes were first issued in 1917 and withdrawn in 1926, so we can safely forget about the "1910" aspect as far as they are concerned. Doubts about the dates of issue of the higher denominational note arose mainly because

- (a) the signatures on the earliest known "with portrait" notes are those of Controllers of Currency who were not in office until a period commencing in 1920;
- (b) notes WITHOUT a portrait are known as late as 1924 (Rs5) and 1925 (Rs100) and even allowing for some overlapping of issues the gap between 1917 (let alone 1910) and 1925 was too large to be ignored.

The answer to the question of when the portrait notes of Rs5 and higher denominations were first issued has now been found, I feel sure, in the following extracts from two Reports of the Controller of Currency. But first, we have to accept that all the portrait notes also have a watermark either of a star in a clear panel or of a portrait of GV also in a clear panel. Certainly no portrait notes WITHOUT a watermark as described are known to the writer or to his correspondents. If any subsequently turn up then it will be a case of "back to the drawing board" but if, as I say, we accept that there were none then the extract from the Report for the year 1923-1924 is all revealing:—

"Before the war the Government of India had decided to alter the design and format of their currency notes. The most prominent feature of the new pattern note was to be a clear window or space left unprinted on both sides through which a distinctive watermark could be clearly distinguished. The war caused some delay in bringing these alterations into effect but the introduction of notes of one and two and a half Rupees afforded an opportunity for giving the new pattern a trial and their success led to



the decision gradually to alter the notes of higher denominations on similar lines. A BEGINNING WAS MADE WITH NOTES OF Rs10—and notes of the new pattern WERE FIRST ISSUED IN MAY 1923."

(Author's caps.)

As this article is concerned with the first Ten Rupees portrait notes we now have to place the known Rs10 notes of the period in their correct order. Undoubtedly the very first was one signed by A. C. McWatters (Fig. 1). He was in office from 1920–1923 and the two notes known to the writer both have a serial number prefix A. This note, and the succeeding one (Fig. 2) signed by H. Denning (who followed McWatters in office) are both Green and Brown and have their serial numbers at upper-left and lower right. The Denning notes are known with a prefix C, suggesting that the McWatter's issue was a small one and that this first Denning was issued in late 1923 or 1924.

Another Denning Rs10 variety has its serial numbers at upper-right and lower-left (Fig. 3) and is also green and brown though the green is so much brighter than the two preceding notes that (bearing in mind the change of position of serial numbers) it could be taken as the "revised pattern" note referred to in the 1925–1926 Report which tells us

"The new pattern Rs5 and the revised pattern Rs10 were first issued in October 1925".



*Signed by A. C. McWatters*

*Signed by H. Denning  
Ser. Numbers UL and LR*

Without knowing exactly what constitutes a revised pattern and what is regarded as an entirely new pattern it is impossible to date, then, this second Denning variety but if it was not the revised pattern note of 1925 then the next one, the last of the Denning varieties, must have been.

This last Denning Rs10 was blue, had its serial number at upper-right and lower-left, the portrait was in a lozenge-shaped panel to right as against the previous portraits in square-shaped panels and the watermark was also a portrait

of GV. Indeed, the change is so drastic that it must surely rank as a new design and not merely as a "revised pattern"? A curious point about these notes is that all the known notes (admittedly not a great number) all have the serial number prefix G or H whilst its successor (an identical blue note signed by Taylor) has an earliest known prefix of J suggesting that there was no break between the first A of the McWatters right through to the J, K and L of the Taylor (Fig. 4).

Without being exactly certain we can thus sum of the first portrait Rs10 issues as follows:—

1. Signed by McWatters. Green and brown.  
Issued May 1923.
2. Signed by Denning. Green and brown.  
Issued late 1923–24.
3. Signed by Denning. Bright green and brown.  
Probably issued 1925.
4. Signed by Denning. Blue.  
Possibly issued 1925.
5. Signed by Taylor.  
Not issued before 1925. Probably issued 1927, the first year in office of J. B. Taylor.



*Signed by H. Denning  
Serial Numbers UR and LL*



*Signed by Taylor*

Concluding, if I may, by again referring to my previous article, I now know for certain that "Hubbart" should be GUBBAY—Moses Modecai Simeon Gubbay (page 144). I also have it on very good authority that the first Five Rupees notes were first issued in 1872 and not, as I had supposed, in 1891 (page 142).



# New Travellers' Cheques for Bank of America

By Allan Hauck (Wisconsin, U.S.A.)

On June 27, 1973, the United States Postal Service issued a 21c stamp picturing Amadeo Giannini in "banknote green". This was the first time A. P. Giannini received philatelic recognition, but to collectors of travellers' cheques he was readily recognised as the man who had been pictured for many years on the travellers' cheques issued by the Bank of America.

In 1904 Amadeo Peter Giannini and several associates bought a safe for \$750, moved it into a remodelled saloon on San Francisco's tawdry North Beach and opened the Bank of Italy. Giannini catered to the city's Italian-Americans and opened his bank to the common man. It is said that Giannini would listen as courteously to a request for a \$50 loan as one for \$50,000. From this small beginning grew the Bank of America which now claims to be the world's largest bank.

The full story of Amadeo Giannini and the Bank of America is told in *Biography of a Bank—The Story of the Bank of America* by Marquis James and Bessie R. James (New York, 1954, Harper and Row). The dust jacket gives the following summary: "This is the story of the world's largest bank, and the amazing careers of the Gianninis, father and son, who trampled on old-fashioned conventions to make the Bank of America not only a mighty institution but the servant of millions of plain people as well.

"With headquarters in San Francisco, Amadeo Peter Giannini began his Bank of Italy with numbers of small farmers, mostly of Italian descent.

"After the great fire and earthquake of 1906, bigger banks were forced to close their doors—but Giannini set up two planks on the Washington Street wharf and continued to build new business. By 1930, when the name changed to Bank of America, he had blazed a trail up and down California, developing local agriculture and commerce through his system of strong branch banks. Always ahead of the time, the Bank of America went on to outstrip the vast financial empires of the (American) East."

For many years the Bank of America's Travellers' Cheques have carried a portrait of A. P. Giannini reproduced

from an oil painting which was executed from sketches of Mr. Giannini made when he was in his mid-70's.

However, on June 28, 1973, the Bank America Corporation unveiled a cheque featuring three globes on the face and incorporating some additional anti-fraud devices.

The new cheque is in blue and gold (as were the



Giannini design cheques) and will replace the old design cheques as they are sold out.

Ernest J. Young, president of Bank America Cheque Corporation, a new Bank America subsidiary which will market the cheques, said: "The graphics revision represents



an attempt to streamline and modernise the cheque's appearance and give it an international look. The three globes on the cheque face are intended to illustrate its worldwide utility and acceptance."

The new triple globe travellers' cheque, issued and payable by Bank America Corporation, will be available in denominations of \$10, \$20, \$50 and \$100 at more than 29,000 seller banks in more than 150 countries.



# BOOK REVIEWS

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## 1974 Standard Catalogue of Canadian Coins, Tokens and Paper Money, 22nd Edition by J. E. Charlton

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This review will be confined entirely to the paper money section of this edition which, while it seems presumptuous to be called a standard catalogue, is unquestionably the best known Canadian catalogue.

The paper money section has been extensively revised, including the format. There is an advantage in the vertical format over the horizontal (pages turned sideways). However, the disadvantage of the double columns with type which is very small and difficult to read and the regrettably small illustrations seem to largely outweigh the gains. The change to an alphabetical listing is a good one and the addition of banks and issues not covered before help to eliminate some glaring omissions which had been repeated in several previous issues notwithstanding the missing data was in many cases well-known to serious collectors. These new listings are, however, a welcome addition and they make the catalogue much more useful and complete.

Up to this point this reviewer found the catalogue on balance an improvement over previous editions and of good value at the current selling price in view of recent inflated price increases everywhere. This view changed somewhat after looking at the new numbering system for Government of Canada notes. There must be a better answer than to come up with numbers like A3D-05-D!! Or to have in one catalogue for four distinctly different items, i.e. Province of Canada notes, shin plasters, Bank legals and Bank of Canada notes the following "1" numbers—1A, B, C; 1, 1a, 1b; BL1: and E1-01, F1-01!! The number "4" further illustrates the potential area for confusion—4A, B, C (for the Province of Canada \$10 notes), 4A, B, C (the numbers for the Dominion of Canada \$1 issue); BL4 (for the \$1000 Bank legal); 4-1 (a number reserved for the Bank of Canada \$1 note in the so-called fourth series still to be released). Remember many lots are listed in auctions or dealer price lists by the "Charlton" number only or bought or sold privately on this basis, so to have such similarity of numbering is bound to create confusion. Why also weren't all of the card money, army bills, colonial and provincial issues and municipal notes numbered?

The whole subject of correct numbering is so well known and documented and indeed widely used in the computer

sciences that it is difficult to understand how there can be any problems at all in this direction.

Another area of concern is the pricing in the 1974 catalogue, although this is not something that is new since controversy over estimated prices, value, scarcity, etc. is a perennial topic of conversation. Generally speaking an upward adjustment for many of the rare or scarce items can be justified by some recent auction sales although doubt exists even here as certain notes have not consistently sold at the high prices quoted. A partial answer is the innovation introduced in the 1974 edition of grouping notes by their estimated price range, and this can perhaps be used more in the future. One technique that was not used but that would help is the use of "pedigrees" i.e. reports on recent sales of items from known collections. In some instances details of the second last sale could also be included.

What bothers most people perhaps is the inconsistency that is still a part of this catalogue. A few examples will serve to illustrate. If a \$1 1861 Bank of Upper Canada (York) note in VF is worth \$175 then a 1829 \$1 note of the same bank in the same condition is worth much more than the \$160 shown. Likewise, if a Canadian Bank of Commerce \$5 note dated 1867 in VF is worth \$350 who would give away a Central Bank of Canada \$5 note dated 1883 in VF for the same price or a Charlotte County Bank 5 sh. note of 1833 in VF for \$325? In the same vein the Bank of Upper Canada (Kingston) \$3 note of 1820 is shown as rare which probably accounts for a recent attempt to obtain over \$600 for one, notwithstanding there were three of these notes in the recent Ritter sale in Boston—two sold for \$34 and \$46 and the third was included in a lot of seven other notes of the same bank, the total selling for \$46. There are many more examples but these serve to show that the subject of estimating values for Canadian paper money is fraught with difficulty and should only be attempted by or in consultation with the most experienced paper money specialists in the field.

Looking objectively and broadly at the 1974 edition of the Charlton catalogue it will appear to the new or novice collector to be on the one hand an aid to improving his knowledge and understanding and on the other hand a bad omen because so many of the price increases are so pronounced. The experienced collector will welcome the increased information and will have mixed feelings about some of the price increases. Everyone, including dealers and auctioneers, will be concerned about the numbering system.

In the final analysis it is further confirmation of the need for a definitive history of paper money in Canada.

Reviewed by W. H. McDONALD.



## INDEX TO I.B.N.S. JOURNAL

### International Banknote Society Journal INDEX



*Compiled by*  
**CARL E. MAUTZ**

*The cover of the new IBNS Index which is reviewed below.*

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Mr. Mautz is to be congratulated on such a splendid work and all collectors should get a copy as it literally doubles the value of their I.B.N.S. magazines.

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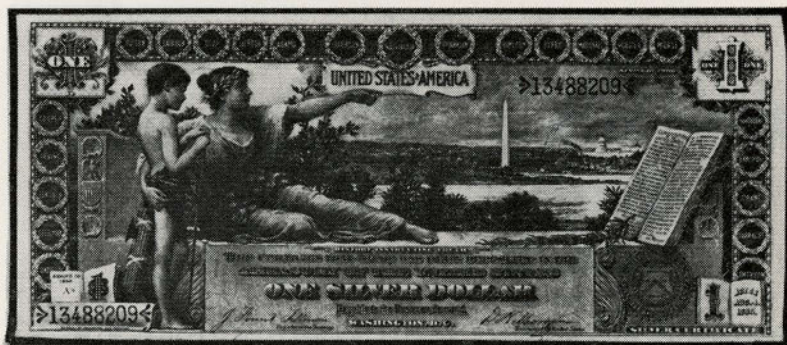
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## **COVER STORY**—*continued*

peway dated 1838. Less than ten years later as shown by the One Dollar Real Estate Banking Company note, the conductor was off the roof and in the car.

The gauges of railroad rails varied all over the world varying from 3 to 7 feet. In the United States, the northern area standardized on 4' 8½" as a result of English influence and the importation of rolling stock from that country. The south used 5 feet until after the Civil War when the north prevailed here as in other things.

On the 10 dollar Bank of Chattanooga, the 3 dollar Adrian Insurance Company banknotes, and the South Carolina Rail Road Company script can be seen the type of locomotive that became the most popular from the late 1840s for nearly fifty years. It has four guide wheels, four drive wheels and a separate coal tender. In the parlance of the RR, this is a 4-4-0 type. There were hundreds of shops across the country manufacturing locomotives and equipment.

It took just forty years to span the continent with rails and to develop it at a pace otherwise impossible. It is not surprising that many note engravers chose to use the outstanding symbol of a nation's emerging industrial age on so many notes.

Factual data about the locomotives awaits the expert for identification. Some day I hope that IBNS will embark on another publishing venture that will not just catalogue and identify notes, but give us the story of the romance that one always finds in the designs.

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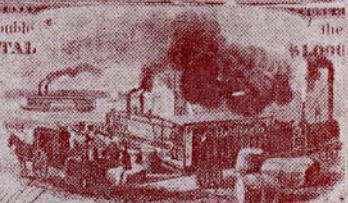


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